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June 6, 2003

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: D.T.E. 03-47, Boston Edison Company, Cambridge Electric Light Company,  
Commonwealth Electric Company, NSTAR Gas Company, Pension/PBOP  
Adjustment Mechanism Tariff Filing

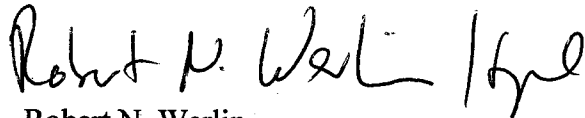
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Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses of Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

Enclosures

cc: Service List

## Responses to Information Requests

Information Request AG-1-6  
Information Request AG-1-13  
Information Request DTE-2-8  
Information Request DTE-2-14  
Information Request DTE-2-15  
Information Request DTE-2-17  
Information Request DTE-2-19  
Information Request DTE-2-21

June 6, 2003

Information Request AG-1-6

Please provide copies of the Annual Returns to the Department for each of the years 1990 to 2002 for each of the Companies.

Response

The documents are attached as follows:

Boston Edison Company

Attachment AG-1-6 (1), FERC Form 1 and MA Supplement, 1990  
Attachment AG-1-6 (2), FERC Form 1 and MA Supplement, 1991  
Attachment AG-1-6 (3), FERC Form 1 and MA Supplement, 1992  
Attachment AG-1-6 (4), FERC Form 1 and MA Supplement, 1993  
Attachment AG-1-6 (5), FERC Form 1 and MA Supplement, 1994  
Attachment AG-1-6 (6), FERC Form 1 and MA Supplement, 1995  
Attachment AG-1-6 (7), FERC Form 1 and MA Supplement, 1996  
Attachment AG-1-6 (8), FERC Form 1 and MA Supplement, 1997  
Attachment AG-1-6 (9), FERC Form 1 and MA Supplement, 1998  
Attachment AG-1-6 (10), FERC Form 1 and MA Supplement, 1999  
Attachment AG-1-6 (11), FERC Form 1 and MA Supplement, 2000  
Attachment AG-1-6 (12), FERC Form 1 and MA Supplement, 2001  
Attachment AG-1-6 (13), FERC Form 1 and MA Supplement, 2002

Cambridge Electric Light Company

Attachment AG-1-6 (14), FERC Form 1 and MA Supplement, 1990  
Attachment AG-1-6 (15), FERC Form 1 and MA Supplement, 1991  
Attachment AG-1-6 (16), FERC Form 1 and MA Supplement, 1992  
Attachment AG-1-6 (17), FERC Form 1 and MA Supplement, 1993  
Attachment AG-1-6 (18), FERC Form 1 and MA Supplement, 1994  
Attachment AG-1-6 (19), FERC Form 1 and MA Supplement, 1995  
Attachment AG-1-6 (20), FERC Form 1 and MA Supplement, 1996  
Attachment AG-1-6 (21), FERC Form 1 and MA Supplement, 1997  
Attachment AG-1-6 (22), FERC Form 1 and MA Supplement, 1998  
Attachment AG-1-6 (23), FERC Form 1 and MA Supplement, 1999  
Attachment AG-1-6 (24), FERC Form 1 and MA Supplement, 2000  
Attachment AG-1-6 (25), FERC Form 1 and MA Supplement, 2001  
Attachment AG-1-6 (26), FERC Form 1 and MA Supplement, 2002

Commonwealth Electric Company

Attachment AG-1-6 (27), FERC Form 1 and MA Supplement, 1990  
Attachment AG-1-6 (28), FERC Form 1 and MA Supplement, 1991  
Attachment AG-1-6 (29), FERC Form 1 and MA Supplement, 1992  
Attachment AG-1-6 (30), FERC Form 1 and MA Supplement, 1993  
Attachment AG-1-6 (31), FERC Form 1 and MA Supplement, 1994  
Attachment AG-1-6 (32), FERC Form 1 and MA Supplement, 1995  
Attachment AG-1-6 (33), FERC Form 1 and MA Supplement, 1996  
Attachment AG-1-6 (34), FERC Form 1 and MA Supplement, 1997  
Attachment AG-1-6 (35), FERC Form 1 and MA Supplement, 1998  
Attachment AG-1-6 (36), FERC Form 1 and MA Supplement, 1999  
Attachment AG-1-6 (37), FERC Form 1 and MA Supplement, 2000  
Attachment AG-1-6 (38), FERC Form 1 and MA Supplement, 2001  
Attachment AG-1-6 (39), FERC Form 1 and MA Supplement, 2002

NSTAR Gas Company

Attachment AG-1-6 (40), Return of the Company to the D.P.U., 1990  
Attachment AG-1-6 (41), Return of the Company to the D.P.U., 1991  
Attachment AG-1-6 (42), Return of the Company to the D.P.U., 1992  
Attachment AG-1-6 (43), Return of the Company to the D.P.U., 1993  
Attachment AG-1-6 (44), Return of the Company to the D.P.U., 1994  
Attachment AG-1-6 (45), Return of the Company to the D.P.U., 1995  
Attachment AG-1-6 (46), Return of the Company to the D.P.U., 1996  
Attachment AG-1-6 (47), Return of the Company to the D.P.U., 1997  
Attachment AG-1-6 (48), Return of the Company to the D.P.U., 1998  
Attachment AG-1-6 (49), Return of the Company to the D.P.U., 1999  
Attachment AG-1-6 (50), Return of the Company to the D.P.U., 2000  
Attachment AG-1-6 (51), Return of the Company to the D.P.U., 2001  
Attachment AG-1-6 (52), Return of the Company to the D.P.U., 2002

Please note that the attachments are bulk documents and are therefore being provided only to the Secretary, the Hearing Officer and the Attorney General. A copy of each is also available for inspection at the Company's offices during normal business hours.

In addition, the Company has been unable to locate the Massachusetts supplements for Boston Edison for 1991 and 1992, and for Cambridge and Commonwealth for 1995. This response will be supplemented if and when the additional materials are located.

Information Request AG-1-13

Please provide a copy of each of the Companies' cost of service schedules filed with its last base rate case, along with any updates to those schedules. Please also provide copies of the prefiled testimony of the revenue requirement witnesses who sponsored those cost of service schedules.

Response

Attached are copies of the prefiled testimony and cost-of-service schedules filed in each company's last base rate case as follows:

Attachment AG-1-13 (a)	Boston Edison Company (D.P.U. 92-92)
Attachment AG-1-13 (b)	Cambridge Electric Light Company (D.P.U. 92-250)
Attachment AG-1-13 (c)	Commonwealth Electric Company (D.P.U. 90-331)
Attachment AG-1-13 (d)	NSTAR Gas Company (D.P.U. 91-60)

Please note that the attachments are bulk documents and are therefore being provided only to the Secretary, the Hearing Officer and the Attorney General. A copy of each is also available for inspection at the Company's offices during normal business hours.

Information Request DTE-2-8

Please provide bill impact analysis for all rate classes

Response

It is not possible to provide a precise bill-impact analysis at this time because the bill impact is dependent on a number of variables, including the elements that would constitute the PAF.

For the electric companies, the required 15 percent rate reductions described in the response to Information Request DTE-2-3, would affect the total bill impacts associated with revised rates associated with their annual reconciliation filings for effect on January 1, 2004, the date on which the proposed PAF would also be effective. For example, if a company had no "head room" to raise its total rate in order to meet the 15 percent constraint, there would be no bill impact associated with the implementation of the PAF.

Although there is no possibility of headroom for Commonwealth owing to its large deferral, it is possible that there would be some headroom for Cambridge and Boston Edison. However, there are a number of possible energy supply factors that could easily eliminate headroom including NEMA congestion, the need for Reliability Must Run (RMR) contracts and escalating gas prices causing an increase in electric supply costs, which could have an impact on the rates for Standard Offer Service. Nevertheless, Attachment DTE-2-8 presents the unconstrained increase that would result from introduction of the PAF assuming no headroom constraints, based on the forecast PAF in the response to Information Request DTE 1-4(Rev). For Boston Edison, the average increase is projected to be 2.6 percent with a range of individual rate class increases from 1.3 percent to 4.1 percent, with similar results for Cambridge.

For NSTAR Gas an approximation of the expected increase would be in the region of 3.2 percent with a range from 1.9 percent to 4.0 percent for the various rate classes as shown Attachment DTE 2-8.

Boston Edison Company  
Year 2002

<u>Rate Schedule</u>	<u>kWh</u>	<u>Current Total Revenue(1)</u>	<u>Current Cents/kWh</u>	<u>Proposed PAF Cents/kWh(2)</u>	<u>Total Cents/kWh</u>	<u>Percent Change(3)</u>
Rate R-1	3,391,451,732	426,026,537	12.562	0.282	12.844	2.2%
Rate R-2(like R1)	163,929,175	15,343,481	9.360	0.282	9.642	3.0%
Rate R-2(like R3)	21,632,121	1,860,211	8.599	0.282	8.881	3.3%
Rate R-3	483,962,557	55,487,397	11.465	0.282	11.747	2.5%
Rate R-4	2,269,368	249,150	10.979	0.282	11.261	2.6%
Rate G-1 wo/dem	423,544,591	58,750,185	13.871	0.282	14.153	2.0%
Rate G-1 w/dem	156,578,839	18,328,178	11.705	0.282	11.987	2.4%
Rate G-2	2,666,735,549	302,735,680	11.352	0.282	11.634	2.5%
Rate G-3	3,256,524,805	301,913,470	9.271	0.282	9.553	3.0%
Rate T-1	103,620	10,524	10.157	0.282	10.439	2.8%
Rate T-2	3,793,194,145	398,512,202	10.506	0.282	10.788	2.7%
Rate S-1	50,955,139	11,354,729	22.284	0.282	22.566	1.3%
Rate S-2	97,912,868	9,480,219	9.682	0.282	9.964	2.9%
Rate S-3	21,712,197	3,117,092	14.356	0.282	14.638	2.0%
Rate WR	126,292,600	8,621,932	6.827	0.282	7.109	4.1%
Rate SD	2,550,560	200,625	7.866	0.282	8.148	3.6%
Rate HT		-			-	
Rate H2	740,220	75,493	10.199	0.282	10.481	2.8%
Rate NE	33,372	60,462	181.176	0.282	181.458	0.2%
<b>Total Retail</b>	<b>14,660,123,458</b>	<b>1,612,127,568</b>	<b>10.997</b>	<b>0.282</b>	<b>11.279</b>	<b>2.6%</b>

Note 1 Total 2002 revenue less actual generation revenue plus imputed generation revenue at 4.950 cents/kWh

Note 2 See response to IR DTE-1-4(Rev)

Note 3 Maximum impact of PAF assuming there will exist headroom under the 15% rate reduction cap for rates effective 1/1/2004.

Cambridge Electric Light Company  
Year 2002

<u>Rate Schedule</u>	<u>kWh</u>	<u>Current Total Revenue(1)</u>	<u>Current Cents/kWh</u>	<u>Proposed PAF Cents/kWh(2)</u>	<u>Total Cents/kWh</u>	<u>Percent Change(3)</u>
R-1 Residential	167,920,763	19,253,223	11.466	0.224	11.690	2.0%
R-2 Residential - Assistance	6,938,607	607,982	8.762	0.224	8.986	2.6%
R-3 Residential - Heating	9,602,578	1,101,125	11.467	0.224	11.691	2.0%
R-4 Residential - Htg Asst	584,758	51,038	8.728	0.224	8.952	2.6%
R-5 Optional Residential TOU	13,748	1,337	9.728	0.224	9.952	2.3%
R-6 Residential Sp HtgTOU	15,339	1,517	9.891	0.224	10.115	2.3%
G-0 General Non Demand	46,639,711	4,563,502	9.785	0.224	10.009	2.3%
G-1 General Demand	217,501,233	19,095,926	8.780	0.224	9.004	2.6%
G-2 Large General TOU Sec	489,283,080	38,938,551	7.958	0.224	8.182	2.8%
G-3 Large General 13.8 kV	573,285,662	39,696,032	6.924	0.224	7.148	3.2%
G-4 General TOU	1,805,903	140,635	7.788	0.224	8.012	2.9%
G-5 Large General 13.8 kV	15,136,591	1,260,129	8.325	0.224	8.549	2.7%
Rate S-1	6,728,297	1,489,511	22.138	0.224	22.362	1.0%
SB/MS/SS	29,903,268	2,582,686	8.637	0.224	8.861	2.6%
<u>Contracts</u>	<u>1,929,601</u>	<u>167,547</u>	<u>8.683</u>	<u>0.224</u>	<u>8.907</u>	<u>2.6%</u>
Total Retail	1,567,289,138	128,950,742	8.228	0.224	8.452	2.7%

Note 1 Total 2002 revenue less actual generation revenue plus imputed generation revenue at 4.950 cents/kWh

Note 2 See response to IR DTE-1-4(Rev)

Note 3 Maximum impact of PAF assuming there will exist headroom under the 15% rate reduction cap for rates effective 1/1/2004.



Commonwealth Electric Company  
Year 2002

<u>Rate Schedule</u>	<u>kWh</u>	<u>Current Total Revenue(1)</u>	<u>Current Cents/kWh</u>	<u>Proposed PAF Cents/kWh(2)</u>	<u>Total Cents/kWh</u>	<u>Percent Change(3)</u>
R-1 Residential-Annual	1,385,737,571	183,659,450	13.254	0.271	13.525	2.0%
R-1 Residential-Seasonal	29,098,211	5,500,314	18.903	0.271	19.174	1.4%
R-1 Residential-Sea./Opt	100,583,924	14,079,465	13.998	0.271	14.269	1.9%
R-2 LI Residential-Annual	98,119,510	10,313,653	10.511	0.271	10.782	2.6%
R-2 LI Residential-Seasonal	82,668	10,928	13.219	0.271	13.490	2.1%
R-2 LI Residential-Sea./Opt.	336,478	35,585	10.576	0.271	10.847	2.6%
R-3 Residential-Space Htg	261,312,087	30,781,831	11.780	0.271	12.051	2.3%
R-4 LI Residential-Space Htg	21,733,418	2,063,628	9.495	0.271	9.766	2.9%
R-5 Residential-Water Htg-Ann.	21,016,093	2,289,922	10.896	0.271	11.167	2.5%
R-5 Residential-Water Htg-Sea.	954,595	112,895	11.826	0.271	12.097	2.3%
R-5 Off Season	485,645	53,234	10.961	0.271	11.232	2.5%
R-6 TOU Space Heating	670,382	79,087	11.797	0.271	12.068	2.3%
G-1 Small General - Annual	990,998,534	110,269,860	11.127	0.271	11.398	2.4%
G-1 Small General - Seasonal	38,741,083	5,479,234	14.143	0.271	14.414	1.9%
G-1 Small General - Sea/Opt	2,233,145	223,972	10.029	0.271	10.300	2.7%
G-2 Medium General	541,324,157	52,542,346	9.706	0.271	9.977	2.8%
G-3 Large General	408,215,612	36,248,548	8.880	0.271	9.151	3.1%
G-4 General Power	3,484,720	385,124	11.052	0.271	11.323	2.5%
G-5 Commercial Space Htg	19,325,958	2,248,355	11.634	0.271	11.905	2.3%
G-6 All Electric School	9,286,622	861,251	9.274	0.271	9.545	2.9%
G-7 General TOU - Annual	5,645,392	606,223	10.738	0.271	11.009	2.5%
G-7 General TOU - Seasonal	1,026,792	152,922	14.893	0.271	15.164	1.8%
Total	3,940,412,597	457,997,826	11.623	0.271	11.894	2.3%

Note 1 Total 2002 revenue less actual generation revenue plus imputed generation revenue at 4.950 cents/kWh

Note 2 See response to IR DTE-1-4(Rev)

Note 3 Maximum impact of PAF assuming there will exist headroom under the 15% rate reduction cap for rates effective 1/1/2004.

NSTAR Gas Company  
Year 2002

<u>Rate Schedule</u>	<u>Customers</u>	<u>Total Therms</u>	<u>Total Revenue(1)</u>	<u>Total \$/Therm</u>	<u>PAF \$/Therm(2)</u>	<u>Proposed \$/Therm</u>	<u>Percent Change</u>
Rate R-1	25,903	4,259,495	\$ 7,721,800	1.8128	0.0345	1.8473	1.9%
Rate R-2	1,431	279,461	\$ 413,462	1.4795	0.0345	1.5140	2.3%
Rate R-3	181,125	190,560,390	\$ 226,127,104	1.1866	0.0345	1.2211	2.9%
Rate R-4	15,956	16,030,921	\$ 16,603,528	1.0357	0.0345	1.0702	3.3%
Rate G-41	15,551	32,400,684	\$ 34,793,862	1.0739	0.0345	1.1084	3.2%
Rate G-42	2,336	55,192,847	\$ 53,589,073	0.9709	0.0345	1.0054	3.6%
Rate G-43	296	27,342,046	\$ 25,866,333	0.9460	0.0345	0.9805	3.6%
Rate G-51	3,621	11,288,775	\$ 11,627,166	1.0300	0.0345	1.0645	3.3%
Rate G-52	1,033	25,045,436	\$ 23,239,041	0.9279	0.0345	0.9624	3.7%
Rate G-53	111	44,975,234	\$ 39,284,088	0.8735	0.0345	0.9080	3.9%
Rate S-1	2	1,301	\$ 1,843	1.4168	0.0345	1.4513	2.4%
<u>Rate T-1</u>	<u>16</u>	<u>18,996,705</u>	<u>\$ 16,417,579</u>	<u>0.8642</u>	<u>0.0345</u>	<u>0.8987</u>	<u>4.0%</u>
Total	247,381	426,373,295	455,684,880	1.0687	0.0345	1.1032	3.2%

Note (1) Includes Winter CGA(average Nov.'02-Apr.'03) of 0.7303 \$/Therm  
Includes Summer CGA(GAF effective May '03) of 0.8180 \$/Therm  
Note (2) See response to Information Request DTE-1-4

Information Request DTE-2-14

Refer to Exh. NSTAR-JJJ at 31. Please describe how the three-year period for averaging contributions to the Company's pension plan was determined. Would the Company be adversely affected should the department adopt a longer averaging period?

Response

It was the Company's judgment to use a three-year base period to smooth the variations in Pension/PBOP contributions and provide a representative level of recent contributions. NSTAR believes that it was not appropriate to use the 2002 contributions alone, since the amounts are significantly higher than previous years.

Information Request DTE-2-15

Refer to Exh. NSTAR-JJJ at 31. Please describe how the rolling three-year amortization period of the Reconciliation deferral was determined. Would the Company be adversely affected should the Department adopt a longer amortization period?

Response

The three-year period was chosen as a balance between the countervailing forces. The Company sought to smooth the variations in Pension/PBOP costs while not requiring the Company to carry large deferrals on its balance sheet for an extended period. As long as compensatory carrying charges are permitted for the unamortized balance of any deferral and the recovery period is reasonable and certain, the Company would not be adversely affected if the Department adopts a longer amortization period.

Information Request DTE-2-17

Refer to the response to DTE 1-1, at 2. Should the Department decide to defer ruling on the Company's proposal until such time as a rate case is filed, would the Department's assurance that all pension/PBOP costs incurred by the Company would be recovered in future rates satisfy the requirements of SFAS 71?

Response

In order to satisfy the requirements to record a regulatory asset for pension and PBOP in accordance with SFAS 71, NSTAR's independent auditors have informed the Company that it must have a specific rate-recovery mechanism in place at some point during 2003. Even if the Department were to defer the implementation of rate recovery, while assuring NSTAR that it would receive recovery of all of its pension/PBOP costs, NSTAR would need to file a rate case and receive approval of rate recovery before year end in order to be allowed to maintain the pension/PBOP regulatory assets on its books beyond the end of 2003 in accordance with SFAS 71. If this were not to occur, NSTAR would be required to take a current charge to income for all pension and PBOP expensed deferred in accordance with the accounting order. In addition, NSTAR would be required to take an immediate charge to equity to reflect its additional minimum pension liability under SFAS 87.

Information Request DTE-2-19

Refer to the response to DTE 1-4, at 1. Please provide the derivation of the deferred income tax amounts appearing on line 16.

Response

The deferred tax amount is the sum of deferred taxes associated with average prepaid pension balance, the average PBOP liability balance, and the year-end pension and PBOP deferrals.

Pension and PBOP expense deducted on the tax return is subject to capitalization under similar rules that apply for GAAP purposes. The cumulative average capitalization rate used on the Company's tax returns for pension cost is 18 percent and is 17 percent for PBOP cost. The deferred tax consequences of pension and PBOP balances is calculated by multiplying the balances by one minus the capitalization rate (82 percent and 83 percent, respectively) and then applying the tax rate of 39.225 percent.

The deferred tax associated with pension and PBOP deferral is the respective deferral balances times the tax rate.

Please refer to Attachment DTE-2-19 for the detailed calculation for deferred income tax amounts. This calculation agrees with the deferred tax amounts shown on line 16 of Attachment DTE-1-4(Rev).

Detail of Deferred Tax Calculation  
Attachment DTE-1-4(Rev), Page 1  
Dollars in Millions

line	Description	Boston Edison	Cambridge Electric	Commonwealth Electric	NSTAR Gas
1	Prepaid Pension Balance 12/31/2002	\$ 156.780	\$ 7.710	\$ 43.693	\$ 46.263
2	Prepaid Pension Balance 12/31/2003	\$ 176.768	\$ 8.693	\$ 49.263	\$ 52.161
3	Average Balance (lines 1 and 2)	\$ 166.774	\$ 8.202	\$ 46.478	\$ 49.212
4	1 - Capitalization Rate For Tax Purposes	82%	82%	82%	82%
5	Average Prepaid Pension Timing Difference	\$ 136.754	\$ 6.725	\$ 38.112	\$ 40.354
6	Tax Rate	39.225%	39.225%	39.225%	39.225%
7	Average Deferred Taxes on Prepaid Pension	\$ 53.642	\$ 2.638	\$ 14.949	\$ 15.829
8	PBOP Liability Balance 12/31/2002	\$ (32.031)	\$ (1.575)	\$ (8.927)	\$ (9.452)
9	PBOP Liability Balance 12/31/2003	\$ (32.618)	\$ (1.604)	\$ (9.090)	\$ (9.625)
10	Average Balance (lines 8 and 9)	\$ (32.325)	\$ (1.590)	\$ (9.009)	\$ (9.539)
11	1 - Capitalization Rate For Tax Purposes	83%	83%	83%	83%
12	Average PBOP Liability Timing Difference	\$ (26.829)	\$ (1.319)	\$ (7.477)	\$ (7.917)
13	Tax Rate	39.225%	39.225%	39.225%	39.225%
14	Average Deferred Taxes on PBOP Balance	\$ (10.524)	\$ (0.517)	\$ (2.933)	\$ (3.105)
15	Pension Deferral at 12/31/03	\$ 17.070	\$ 0.684	\$ 2.807	\$ 2.959
16	Tax Rate	39.225%	39.225%	39.225%	39.225%
17	Deferred Taxes on Pension Deferral	\$ 6.695	\$ 0.268	\$ 1.101	\$ 1.161
18	PBOP Deferral at 12/31/03	\$ 2.761	\$ 3.772	\$ 0.876	\$ 3.927
19	Tax Rate	39.225%	39.225%	39.225%	39.225%
20	Deferred Taxes on PBOP Deferral	\$ 1.083	\$ 1.480	\$ 0.344	\$ 1.540
21	Total (lines 7, 14, 17 and 20)	\$ 50.896	\$ 3.868	\$ 13.461	\$ 15.424

Information Request DTE-2-21

Refer to the responses to DTE 1-3 and DTE 1-4, at 1-2. Is it fair to say that revenues collected through the Pension/PBOP Adjustment for the years 2004 and 2005 will exceed projected pension/PBOP expenses for those respective years?

Response

The PAM is designed to true up costs to revenues, and in each year it is not possible to precisely predict whether the Pension/PBOP Adjustment will exceed projected pension/PBOP expenses. Although the example presented in Attachment DTE-1-4(Rev) shows PAM revenues to exceed the expenses presented in the response to Information Request DTE-1-3, it is possible that the opposite could occur. Significant increases in expenses could occur from financial market conditions (interest rates and investment results) and unanticipated retirement levels. It is important to note that the PAM is designed to recover, over time, no more and no less than the future costs to be paid to retirees.